

AMENDED IN ASSEMBLY MARCH 25, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1361**

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**Introduced by Assembly Member Perea**

February 18, 2011

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*An act to amend Sections 394.27, 394.4, 394.7, 454.1, 1822, 2791, 2792, 2793, 2794, 2795, 2796, 2797, 2798, 2799, 2842.4, 7000, and 9607 of the Public Utilities Code, relating to electrical corporations. An act to amend Sections 2827 and 2827.8 of the Public Utilities Code, relating to electricity.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1361, as amended, Perea. ~~Electrical corporations.~~ *Electricity: net metering.*

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. *Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law, relative to private energy producers, requires every electric utility, as defined, to make available to an eligible customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand. The existing definition of an eligible customer-generator requires that the generating facility use a solar or wind turbine, or a hybrid system of both, and have a generating capacity of not more than one megawatt. Existing law establishes wind energy co-metering that provides a credit against the generation component*

*of an electricity bill of an electric utility for those customer-generators utilizing a wind energy project greater than 50 kilowatts, but not exceeding one megawatt.*

*This bill would ~~correct certain existing references in the Public Utilities Code by revising “electric corporation” to “electrical corporation,” and would make various other technical, nonsubstantive changes~~. revise the definition of an eligible customer-generator to include a state agency, as defined. The bill would require that the generating capacity of a facility used by a state agency not exceed 5 megawatts pursuant to both the net energy metering requirements and the wind energy co-metering requirements.*

*Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.*

*Because the provisions of this bill would require action by the commission to implement its requirements and a violation of that order would be a crime, the bill would impose a state-mandated local program by creating a new crime. Because the provisions of the bill are applicable to, and require action by, local publicly owned electric utilities, which are entities of local government, the bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for specified reasons.*

*Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.*

*The people of the State of California do enact as follows:*

- 1 *SECTION 1. Section 2827 of the Public Utilities Code is*
- 2 *amended to read:*
- 3 *2827. (a) The Legislature finds and declares that a program*
- 4 *to provide net energy metering combined with net surplus*
- 5 *compensation, co-energy metering, and wind energy co-metering*
- 6 *for eligible customer-generators is one way to encourage substantial*
- 7 *private investment in renewable energy resources, stimulate in-state*
- 8 *economic growth, reduce demand for electricity during peak*

1 consumption periods, help stabilize California's energy supply  
2 infrastructure, enhance the continued diversification of California's  
3 energy resource mix, reduce interconnection and administrative  
4 costs for electricity suppliers, and encourage conservation and  
5 efficiency.

6 (b) As used in this section, the following terms have the  
7 following meanings:

8 (1) "Co-energy metering" means a program that is the same in  
9 all other respects as a net energy metering program, except that  
10 the local publicly owned electric utility has elected to apply a  
11 generation-to-generation energy and time-of-use credit formula  
12 as provided in subdivision (i).

13 (2) "Electrical cooperative" means an electrical cooperative as  
14 defined in Section 2776.

15 (3) "Electric utility" means an electrical corporation, a local  
16 publicly owned electric utility, or an electrical cooperative, or any  
17 other entity, except an electric service provider, that offers electrical  
18 service. This section shall not apply to a local publicly owned  
19 electric utility that serves more than 750,000 customers and that  
20 also conveys water to its customers.

21 (4) "Eligible customer-generator" means a residential customer,  
22 small commercial customer as defined in subdivision (h) of Section  
23 331, or *state agency*, commercial, industrial, or agricultural  
24 customer of an electric utility, who uses a solar or a wind turbine  
25 electrical generating facility, or a hybrid system of both, with a  
26 capacity of not more than *five megawatts if the customer is a state*  
27 *agency, or one megawatt if the facility is used by another customer*,  
28 that is located on the customer's owned, leased, or rented premises,  
29 and is interconnected and operates in parallel with the electric grid,  
30 and is intended primarily to offset part or all of the customer's  
31 own electrical requirements.

32 (5) "Net energy metering" means measuring the difference  
33 between the electricity supplied through the electric grid and the  
34 electricity generated by an eligible customer-generator and fed  
35 back to the electric grid over a 12-month period as described in  
36 subdivisions (c) and (h).

37 (6) "Net surplus customer-generator" means an eligible  
38 customer-generator that generates more electricity during a  
39 12-month period than is supplied by the electric utility to the  
40 eligible customer-generator during the same 12-month period.

(7) “Net surplus electricity” means all electricity generated by an eligible customer-generator measured in kilowatthours over a 12-month period that exceeds the amount of electricity consumed by that eligible customer-generator.

(8) “Net surplus electricity compensation” means a per kilowatthour rate offered by the electric utility to the net surplus customer-generator for net surplus electricity that is set by the ratemaking authority pursuant to subdivision (h).

(9) “Ratemaking authority” means, for an electrical corporation or electrical cooperative, the commission, and for a local publicly owned electric utility, the local elected body responsible for setting the rates of the local publicly owned utility.

(10) “State agency” means the State of California or any of its agencies, departments, commissions, or councils, the California State University, the Regents of the University of California, a county, a county office of education, a city, a school district, a community college district, or any other district, public authority, or any other political subdivision or public corporation of this state.

~~(10)~~

(11) “Wind energy co-metering” means any wind energy project greater than 50 kilowatts, but not exceeding *five megawatts if the customer is a state agency, or one megawatt if the facility is used by another customer*, where the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period is as described in subdivision (h). Wind energy co-metering shall be accomplished pursuant to Section 2827.8.

(c) (1) Every electric utility shall develop a standard contract or tariff providing for net energy metering, and shall make this standard contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5 percent of the electric utility’s aggregate customer peak demand. Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the eligible customer-generator, at the expense

1 of the electric utility, and the additional metering shall be used  
2 only to provide the information necessary to accurately bill or  
3 credit the eligible customer-generator pursuant to subdivision (h),  
4 or to collect solar or wind electric generating system performance  
5 information for research purposes. If the existing electrical meter  
6 of an eligible customer-generator is not capable of measuring the  
7 flow of electricity in two directions, the eligible customer-generator  
8 shall be responsible for all expenses involved in purchasing and  
9 installing a meter that is able to measure electricity flow in two  
10 directions. If an additional meter or meters are installed, the net  
11 energy metering calculation shall yield a result identical to that of  
12 a single meter. An eligible customer-generator that is receiving  
13 service other than through the standard contract or tariff may elect  
14 to receive service through the standard contract or tariff until the  
15 electric utility reaches the generation limit set forth in this  
16 paragraph. Once the generation limit is reached, only eligible  
17 customer-generators that had previously elected to receive service  
18 pursuant to the standard contract or tariff have a right to continue  
19 to receive service pursuant to the standard contract or tariff.  
20 Eligibility for net energy metering does not limit an eligible  
21 customer-generator's eligibility for any other rebate, incentive, or  
22 credit provided by the electric utility, or pursuant to any  
23 governmental program, including rebates and incentives provided  
24 pursuant to the California Solar Initiative.

25 (2) An electrical corporation shall include a provision in the net  
26 energy metering contract or tariff requiring that any customer with  
27 an existing electrical generating facility and meter who enters into  
28 a new net energy metering contract shall provide an inspection  
29 report to the electrical corporation, unless the electrical generating  
30 facility and meter have been installed or inspected within the  
31 previous three years. The inspection report shall be prepared by a  
32 California licensed contractor who is not the owner or operator of  
33 the facility and meter. A California licensed electrician shall  
34 perform the inspection of the electrical portion of the facility and  
35 meter.

36 (3) (A) On an annual basis, beginning in 2003, every electric  
37 utility shall make available to the ratemaking authority information  
38 on the total rated generating capacity used by eligible  
39 customer-generators that are customers of that provider in the

1 provider's service area and the net surplus electricity purchased  
2 by the electric utility pursuant to this section.

3 (B) An electric service provider operating pursuant to Section  
4 394 shall make available to the ratemaking authority the  
5 information required by this paragraph for each eligible  
6 customer-generator that is their customer for each service area of  
7 an electric corporation, local publicly owned electric utility, or  
8 electrical cooperative, in which the eligible customer-generator  
9 has net energy metering.

10 (C) The ratemaking authority shall develop a process for making  
11 the information required by this paragraph available to electric  
12 utilities, and for using that information to determine when, pursuant  
13 to paragraphs (1) and (4), an electric utility is not obligated to  
14 provide net energy metering to additional eligible  
15 customer-generators in its service area.

16 (4) An electric utility is not obligated to provide net energy  
17 metering to additional eligible customer-generators in its service  
18 area when the combined total peak demand of all electricity used  
19 by eligible customer-generators served by all the electric utilities  
20 in that service area furnishing net energy metering to eligible  
21 customer-generators exceeds 5 percent of the aggregate customer  
22 peak demand of those electric utilities.

23 (5) By January 1, 2010, the commission, in consultation with  
24 the Energy Commission, shall submit a report to the Governor and  
25 the Legislature on the costs and benefits of net energy metering,  
26 wind energy co-metering, and co-energy metering to participating  
27 customers and nonparticipating customers and with options to  
28 replace the economic costs and benefits of net energy metering,  
29 wind energy co-metering, and co-energy metering with a  
30 mechanism that more equitably balances the interests of  
31 participating and nonparticipating customers, and that incorporates  
32 the findings of the report on economic and environmental costs  
33 and benefits of net metering required by subdivision (n).

34 (d) Every electric utility shall make all necessary forms and  
35 contracts for net energy metering and net surplus electricity  
36 compensation service available for download from the Internet.

37 (e) (1) Every electric utility shall ensure that requests for  
38 establishment of net energy metering and net surplus electricity  
39 compensation are processed in a time period not exceeding that  
40 for similarly situated customers requesting new electric service,

1 but not to exceed 30 working days from the date it receives a  
2 completed application form for net energy metering service or net  
3 surplus electricity compensation, including a signed interconnection  
4 agreement from an eligible customer-generator and the electric  
5 inspection clearance from the governmental authority having  
6 jurisdiction.

7 (2) Every electric utility shall ensure that requests for an  
8 interconnection agreement from an eligible customer-generator  
9 are processed in a time period not to exceed 30 working days from  
10 the date it receives a completed application form from the eligible  
11 customer-generator for an interconnection agreement.

12 (3) If an electric utility is unable to process a request within the  
13 allowable timeframe pursuant to paragraph (1) or (2), it shall notify  
14 the eligible customer-generator and the ratemaking authority of  
15 the reason for its inability to process the request and the expected  
16 completion date.

17 (f) (1) If a customer participates in direct transactions pursuant  
18 to paragraph (1) of subdivision (b) of Section 365 with an electric  
19 service provider that does not provide distribution service for the  
20 direct transactions, the electric utility that provides distribution  
21 service for the eligible customer-generator is not obligated to  
22 provide net energy metering or net surplus electricity compensation  
23 to the customer.

24 (2) If a customer participates in direct transactions pursuant to  
25 paragraph (1) of subdivision (b) of Section 365 with an electric  
26 service provider, and the customer is an eligible  
27 customer-generator, the electric utility that provides distribution  
28 service for the direct transactions may recover from the customer's  
29 electric service provider the incremental costs of metering and  
30 billing service related to net energy metering and net surplus  
31 electricity compensation in an amount set by the ratemaking  
32 authority.

33 (g) Except for the time-variant kilowatthour pricing portion of  
34 any tariff adopted by the commission pursuant to paragraph (4) of  
35 subdivision (a) of Section 2851, each net energy metering contract  
36 or tariff shall be identical, with respect to rate structure, all retail  
37 rate components, and any monthly charges, to the contract or tariff  
38 to which the same customer would be assigned if the customer did  
39 not use an eligible solar or wind electrical generating facility,  
40 except that eligible customer-generators shall not be assessed

1 standby charges on the electrical generating capacity or the  
2 kilowatthour production of an eligible solar or wind electrical  
3 generating facility. The charges for all retail rate components for  
4 eligible customer-generators shall be based exclusively on the  
5 customer-generator's net kilowatthour consumption over a  
6 12-month period, without regard to the eligible  
7 customer-generator's choice as to from whom it purchases  
8 electricity that is not self-generated. Any new or additional demand  
9 charge, standby charge, customer charge, minimum monthly  
10 charge, interconnection charge, or any other charge that would  
11 increase an eligible customer-generator's costs beyond those of  
12 other customers who are not eligible customer-generators in the  
13 rate class to which the eligible customer-generator would otherwise  
14 be assigned if the customer did not own, lease, rent, or otherwise  
15 operate an eligible solar or wind electrical generating facility is  
16 contrary to the intent of this section, and shall not form a part of  
17 net energy metering contracts or tariffs.

18 (h) For eligible customer-generators, the net energy metering  
19 calculation shall be made by measuring the difference between  
20 the electricity supplied to the eligible customer-generator and the  
21 electricity generated by the eligible customer-generator and fed  
22 back to the electric grid over a 12-month period. The following  
23 rules shall apply to the annualized net metering calculation:

24 (1) The eligible residential or small commercial  
25 customer-generator shall, at the end of each 12-month period  
26 following the date of final interconnection of the eligible  
27 customer-generator's system with an electric utility, and at each  
28 anniversary date thereafter, be billed for electricity used during  
29 that 12-month period. The electric utility shall determine if the  
30 eligible residential or small commercial customer-generator was  
31 a net consumer or a net surplus customer-generator during that  
32 period.

33 (2) At the end of each 12-month period, where the electricity  
34 supplied during the period by the electric utility exceeds the  
35 electricity generated by the eligible residential or small commercial  
36 customer-generator during that same period, the eligible residential  
37 or small commercial customer-generator is a net electricity  
38 consumer and the electric utility shall be owed compensation for  
39 the eligible customer-generator's net kilowatthour consumption  
40 over that 12-month period. The compensation owed for the eligible



1 residential or small commercial customer-generator's consumption  
2 shall be calculated as follows:

3 (A) For all eligible customer-generators taking service under  
4 contracts or tariffs employing "baseline" and "over baseline" rates,  
5 any net monthly consumption of electricity shall be calculated  
6 according to the terms of the contract or tariff to which the same  
7 customer would be assigned to, or be eligible for, if the customer  
8 was not an eligible customer-generator. If those same  
9 customer-generators are net generators over a billing period, the  
10 net kilowatthours generated shall be valued at the same price per  
11 kilowatthour as the electric utility would charge for the baseline  
12 quantity of electricity during that billing period, and if the number  
13 of kilowatthours generated exceeds the baseline quantity, the excess  
14 shall be valued at the same price per kilowatthour as the electric  
15 utility would charge for electricity over the baseline quantity during  
16 that billing period.

17 (B) For all eligible customer-generators taking service under  
18 contracts or tariffs employing time-of-use rates, any net monthly  
19 consumption of electricity shall be calculated according to the  
20 terms of the contract or tariff to which the same customer would  
21 be assigned, or be eligible for, if the customer was not an eligible  
22 customer-generator. When those same customer-generators are  
23 net generators during any discrete time-of-use period, the net  
24 kilowatthours produced shall be valued at the same price per  
25 kilowatthour as the electric utility would charge for retail  
26 kilowatthour sales during that same time-of-use period. If the  
27 eligible customer-generator's time-of-use electrical meter is unable  
28 to measure the flow of electricity in two directions, paragraph (1)  
29 of subdivision (c) shall apply.

30 (C) For all eligible residential and small commercial  
31 customer-generators and for each billing period, the net balance  
32 of moneys owed to the electric utility for net consumption of  
33 electricity or credits owed to the eligible customer-generator for  
34 net generation of electricity shall be carried forward as a monetary  
35 value until the end of each 12-month period. For all eligible  
36 commercial, industrial, and agricultural customer-generators, the  
37 net balance of moneys owed shall be paid in accordance with the  
38 electric utility's normal billing cycle, except that if the eligible  
39 commercial, industrial, or agricultural customer-generator is a net  
40 electricity producer over a normal billing cycle, any excess

1 kilowatthours generated during the billing cycle shall be carried  
2 over to the following billing period as a monetary value, calculated  
3 according to the procedures set forth in this section, and appear as  
4 a credit on the eligible commercial, industrial, or agricultural  
5 customer-generator's account, until the end of the annual period  
6 when paragraph (3) shall apply.

7 (3) At the end of each 12-month period, where the electricity  
8 generated by the eligible customer-generator during the 12-month  
9 period exceeds the electricity supplied by the electric utility during  
10 that same period, the eligible customer-generator is a net surplus  
11 customer-generator and the electric utility shall, upon an  
12 affirmative election by the eligible customer-generator, either (A)  
13 provide net surplus electricity compensation for any net surplus  
14 electricity generated during the prior 12-month period, or (B) allow  
15 the eligible customer-generator to apply the net surplus electricity  
16 as a credit for kilowatthours subsequently supplied by the electric  
17 utility to the surplus customer-generator. For an eligible  
18 customer-generator that does not affirmatively elect to receive  
19 service pursuant to net surplus electricity compensation, the electric  
20 utility shall retain any excess kilowatthours generated during the  
21 prior 12-month period. The eligible customer-generator not  
22 affirmatively electing to receive service pursuant to net surplus  
23 electricity compensation shall not be owed any compensation for  
24 the net surplus electricity unless the electric utility enters into a  
25 purchase agreement with the eligible customer-generator for those  
26 excess kilowatthours. Every electric utility shall, by January 31,  
27 2010, provide notice to eligible customer-generators that they are  
28 eligible to receive net surplus electricity compensation for net  
29 surplus electricity, that they must elect to receive net surplus  
30 electricity compensation, and that the 12-month period commences  
31 when the electric utility receives the eligible customer-generator's  
32 election. The commission may, for an electric utility that is an  
33 electrical corporation or electrical cooperative, adopt requirements  
34 for providing notice and the manner by which eligible  
35 customer-generators may elect to receive net surplus electricity  
36 compensation.

37 (4) (A) The ratemaking authority shall, by January 1, 2011,  
38 establish a net surplus electricity compensation valuation to  
39 compensate the net surplus customer-generator for the value of  
40 net surplus electricity generated by the net surplus

1 customer-generator. The commission shall establish the valuation  
2 in a ratemaking proceeding. The ratemaking authority for a local  
3 publicly owned electric utility shall establish the valuation in a  
4 public proceeding. The net surplus electricity compensation  
5 valuation shall be established so as to provide the net surplus  
6 customer-generator just and reasonable compensation for the value  
7 of net surplus electricity, while leaving other ratepayers unaffected.  
8 The ratemaking authority shall determine whether the  
9 compensation will include, where appropriate justification exists,  
10 either or both of the following components:

11 (i) The value of the electricity itself.  
12 (ii) The value of the renewable attributes of the electricity.  
13 (B) In establishing the rate pursuant to subparagraph (A), the  
14 ratemaking authority shall ensure that the rate does not result in a  
15 shifting of costs between solar customer-generators and other  
16 bundled service customers.

17 (5) (A) Upon adoption of the net surplus electricity  
18 compensation rate by the ratemaking authority, any renewable  
19 energy credit, as defined in Section 399.12, for net surplus  
20 electricity purchased by the electric utility shall belong to the  
21 electric utility. Any renewable energy credit associated with  
22 electricity generated by the eligible customer-generator that is  
23 utilized by the eligible customer-generator shall remain the property  
24 of the eligible customer-generator.

25 (B) Upon adoption of the net surplus electricity compensation  
26 rate by the ratemaking authority, the net surplus electricity  
27 purchased by the electric utility shall count toward the electric  
28 utility's renewables portfolio standard annual procurement targets  
29 for the purposes of paragraph (1) of subdivision (b) of Section  
30 399.15, or for a local publicly owned electric utility, the renewables  
31 portfolio standard annual procurement targets established pursuant  
32 to Section 387.

33 (6) The electric utility shall provide every eligible residential  
34 or small commercial customer-generator with net electricity  
35 consumption and net surplus electricity generation information  
36 with each regular bill. That information shall include the current  
37 monetary balance owed the electric utility for net electricity  
38 consumed, or the net surplus electricity generated, since the last  
39 12-month period ended. Notwithstanding this subdivision, an

1 electric utility shall permit that customer to pay monthly for net  
2 energy consumed.

3 (7) If an eligible residential or small commercial  
4 customer-generator terminates the customer relationship with the  
5 electric utility, the electric utility shall reconcile the eligible  
6 customer-generator's consumption and production of electricity  
7 during any part of a 12-month period following the last  
8 reconciliation, according to the requirements set forth in this  
9 subdivision, except that those requirements shall apply only to the  
10 months since the most recent 12-month bill.

11 (8) If an electric service provider or electric utility providing  
12 net energy metering to a residential or small commercial  
13 customer-generator ceases providing that electric service to that  
14 customer during any 12-month period, and the customer-generator  
15 enters into a new net energy metering contract or tariff with a new  
16 electric service provider or electric utility, the 12-month period,  
17 with respect to that new electric service provider or electric utility,  
18 shall commence on the date on which the new electric service  
19 provider or electric utility first supplies electric service to the  
20 customer-generator.

21 (i) Notwithstanding any other provisions of this section, the  
22 following provisions shall apply to an eligible customer-generator  
23 with a capacity of more than 10 kilowatts, but not exceeding *five*  
24 *megawatts if the customer is a state agency, or one megawatt if*  
25 *the facility is used by another customer*, that receives electric  
26 service from a local publicly owned electric utility that has elected  
27 to utilize a co-energy metering program unless the local publicly  
28 owned electric utility chooses to provide service for eligible  
29 customer-generators with a capacity of more than 10 kilowatts in  
30 accordance with subdivisions (g) and (h):

31 (1) The eligible customer-generator shall be required to utilize  
32 a meter, or multiple meters, capable of separately measuring  
33 electricity flow in both directions. All meters shall provide  
34 time-of-use measurements of electricity flow, and the customer  
35 shall take service on a time-of-use rate schedule. If the existing  
36 meter of the eligible customer-generator is not a time-of-use meter  
37 or is not capable of measuring total flow of energy in both  
38 directions, the eligible customer-generator shall be responsible for  
39 all expenses involved in purchasing and installing a meter that is  
40 both time-of-use and able to measure total electricity flow in both

1 directions. This subdivision shall not restrict the ability of an  
2 eligible customer-generator to utilize any economic incentives  
3 provided by a governmental agency or an electric utility to reduce  
4 its costs for purchasing and installing a time-of-use meter.

5 (2) The consumption of electricity from the local publicly owned  
6 electric utility shall result in a cost to the eligible  
7 customer-generator to be priced in accordance with the standard  
8 rate charged to the eligible customer-generator in accordance with  
9 the rate structure to which the customer would be assigned if the  
10 customer did not use an eligible solar or wind electrical generating  
11 facility. The generation of electricity provided to the local publicly  
12 owned electric utility shall result in a credit to the eligible  
13 customer-generator and shall be priced in accordance with the  
14 generation component, established under the applicable structure  
15 to which the customer would be assigned if the customer did not  
16 use an eligible solar or wind electrical generating facility.

17 (3) All costs and credits shall be shown on the eligible  
18 customer-generator's bill for each billing period. In any months  
19 in which the eligible customer-generator has been a net consumer  
20 of electricity calculated on the basis of value determined pursuant  
21 to paragraph (2), the customer-generator shall owe to the local  
22 publicly owned electric utility the balance of electricity costs and  
23 credits during that billing period. In any billing period in which  
24 the eligible customer-generator has been a net producer of  
25 electricity calculated on the basis of value determined pursuant to  
26 paragraph (2), the local publicly owned electric utility shall owe  
27 to the eligible customer-generator the balance of electricity costs  
28 and credits during that billing period. Any net credit to the eligible  
29 customer-generator of electricity costs may be carried forward to  
30 subsequent billing periods, provided that a local publicly owned  
31 electric utility may choose to carry the credit over as a kilowatthour  
32 credit consistent with the provisions of any applicable contract or  
33 tariff, including any differences attributable to the time of  
34 generation of the electricity. At the end of each 12-month period,  
35 the local publicly owned electric utility may reduce any net credit  
36 due to the eligible customer-generator to zero.

37 (j) A solar or wind turbine electrical generating system, or a  
38 hybrid system of both, used by an eligible customer-generator shall  
39 meet all applicable safety and performance standards established  
40 by the National Electrical Code, the Institute of Electrical and

1 Electronics Engineers, and accredited testing laboratories, including  
2 Underwriters Laboratories and, where applicable, rules of the  
3 commission regarding safety and reliability. A customer-generator  
4 whose solar or wind turbine electrical generating system, or a  
5 hybrid system of both, meets those standards and rules shall not  
6 be required to install additional controls, perform or pay for  
7 additional tests, or purchase additional liability insurance.

8 (k) If the commission determines that there are cost or revenue  
9 obligations for an electrical corporation, as defined in Section 218,  
10 that may not be recovered from customer-generators acting  
11 pursuant to this section, those obligations shall remain within the  
12 customer class from which any shortfall occurred and may not be  
13 shifted to any other customer class. Net energy metering and  
14 co-energy metering customers shall not be exempt from the public  
15 goods charges imposed pursuant to Article 7 (commencing with  
16 Section 381), Article 8 (commencing with Section 385), or Article  
17 15 (commencing with Section 399) of Chapter 2.3 of Part 1. In its  
18 report to the Legislature, the commission shall examine different  
19 methods to ensure that the public goods charges remain  
20 nonbypassable.

21 (l) A net energy metering, co-energy metering, or wind energy  
22 co-metering customer shall reimburse the Department of Water  
23 Resources for all charges that would otherwise be imposed on the  
24 customer by the commission to recover bond-related costs pursuant  
25 to an agreement between the commission and the Department of  
26 Water Resources pursuant to Section 80110 of the Water Code,  
27 as well as the costs of the department equal to the share of the  
28 department's estimated net unavoidable power purchase contract  
29 costs attributable to the customer. The commission shall  
30 incorporate the determination into an existing proceeding before  
31 the commission, and shall ensure that the charges are  
32 nonbypassable. Until the commission has made a determination  
33 regarding the nonbypassable charges, net energy metering,  
34 co-energy metering, and wind energy co-metering shall continue  
35 under the same rules, procedures, terms, and conditions as were  
36 applicable on December 31, 2002.

37 (m) In implementing the requirements of subdivisions (k) and  
38 (l), an eligible customer-generator shall not be required to replace  
39 its existing meter except as set forth in paragraph (1) of subdivision  
40 (c), nor shall the electric utility require additional measurement of

usage beyond that which is necessary for customers in the same rate class as the eligible customer-generator.

(n) It is the intent of the Legislature that the Treasurer incorporate net energy metering, including net surplus electricity compensation, co-energy metering, and wind energy co-metering projects undertaken pursuant to this section as sustainable building methods or distributive energy technologies for purposes of evaluating low-income housing projects.

SEC. 2. *Section 2827.8 of the Public Utilities Code is amended to read:*

2827.8. Notwithstanding any other provisions of this article, the following provisions apply to an eligible customer-generator utilizing wind energy co-metering with a capacity of more than 50 kilowatts, but not exceeding *five megawatts if the customer is a state agency, or one megawatt if the facility is used by another customer*, unless approved by the electric service provider.

(a) The eligible customer-generator shall be required to utilize a meter, or multiple meters, capable of separately measuring electricity flow in both directions. All meters shall provide “time-of-use” measurements of electricity flow, and the customer shall take service on a time-of-use rate schedule. If the existing meter of the eligible customer-generator is not a time-of-use meter or is not capable of measuring total flow of energy in both directions, the eligible customer-generator is responsible for all expenses involved in purchasing and installing a meter that is both time-of-use and able to measure total electricity flow in both directions. This subdivision shall not restrict the ability of an eligible customer-generator to utilize any economic incentives provided by a government agency or the electric service provider to reduce its costs for purchasing and installing a time-of-use meter.

(b) The consumption of electricity from the electric service provider for wind energy co-metering by an eligible customer-generator shall be priced in accordance with the standard rate charged to the eligible customer-generator in accordance with the rate structure to which the customer would be assigned if the customer did not use an eligible wind electrical generating facility. The generation of electricity provided to the electric service provider shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component, excluding surcharges to cover the purchase of power by the

1 Department of Water Resources, established under the applicable  
2 structure to which the customer would be assigned if the customer  
3 did not use an eligible wind electrical generating facility.

4 *SEC. 3. No reimbursement is required by this act pursuant to*  
5 *Section 6 of Article XIII B of the California Constitution because*  
6 *a local agency or school district has the authority to levy service*  
7 *charges, fees, or assessments sufficient to pay for the program or*  
8 *level of service mandated by this act or because costs that may be*  
9 *incurred by a local agency or school district will be incurred*  
10 *because this act creates a new crime or infraction, eliminates a*  
11 *crime or infraction, or changes the penalty for a crime or*  
12 *infraction, within the meaning of Section 17556 of the Government*  
13 *Code, or changes the definition of a crime within the meaning of*  
14 *Section 6 of Article XIII B of the California Constitution.*

15 ~~SECTION 1. Section 394.27 of the Public Utilities Code is~~  
16 ~~amended to read:~~

17 ~~394.27. When a customer files a claim with an electrical~~  
18 ~~corporation for damages to property resulting from the curtailment~~  
19 ~~of electric service due to the failure of the electrical corporation~~  
20 ~~to reasonably provide service or restore service within a reasonable~~  
21 ~~time after a fire, flood, earthquake, other natural disaster, or act of~~  
22 ~~God, the electrical corporation shall inform the customer that the~~  
23 ~~claim may be pursued in small claims court or other judicial courts,~~  
24 ~~depending on the amount of the claim.~~

25 ~~SEC. 2. Section 394.4 of the Public Utilities Code is amended~~  
26 ~~to read:~~

27 ~~394.4. Rules that implement the following minimum standards~~  
28 ~~shall be adopted by the commission for electric service providers~~  
29 ~~offering electrical services to residential and small commercial~~  
30 ~~customers and the governing body of a public agency offering~~  
31 ~~electrical services to residential and small commercial customers~~  
32 ~~within its jurisdiction:~~

33 ~~(a) Confidentiality: Customer information shall be confidential~~  
34 ~~unless the customer consents in writing. This shall encompass~~  
35 ~~confidentiality of customer specific billing, credit, or usage~~  
36 ~~information. This requirement shall not extend to disclosure of~~  
37 ~~generic information regarding the usage, load shape, or other~~  
38 ~~general characteristics of a group or rate classification, unless the~~  
39 ~~release of that information would reveal customer specific~~



1 ~~information because of the size of the group, rate classification,~~  
2 ~~or nature of the information.~~

3 ~~(b) Physical disconnects and reconnects: Only an electrical~~  
4 ~~corporation, or a publicly owned electric utility, that provides~~  
5 ~~physical delivery service to the affected customer shall have the~~  
6 ~~authority to physically disconnect or reconnect a customer from~~  
7 ~~the transmission or distribution grid. Physical disconnection by~~  
8 ~~electrical corporations subject to the commission's jurisdiction~~  
9 ~~shall occur only in accordance with protocols established by the~~  
10 ~~commission. Physical disconnection by publicly owned electric~~  
11 ~~utilities shall occur only in accordance with protocols established~~  
12 ~~by the governing board of the local publicly owned electric utility.~~

13 ~~(c) Change in providers: Upon adequate notice supplied by a~~  
14 ~~electric service provider to the electrical corporation or local~~  
15 ~~publicly owned electric utility providing physical delivery service,~~  
16 ~~customers who are eligible for direct access may change their~~  
17 ~~energy supplier. Energy suppliers may charge for this change,~~  
18 ~~provided that any fee or penalty charged by the supplier associated~~  
19 ~~with early termination of service, shall be disclosed in that contract~~  
20 ~~or applicable tariff.~~

21 ~~(d) Written notices: Notices describing the terms and conditions~~  
22 ~~of service as described in Section 394.5, service agreements,~~  
23 ~~notices of late payment, notices of discontinuance of service, and~~  
24 ~~disconnection notices addressed to residential and small~~  
25 ~~commercial customers shall be easily understandable, and shall~~  
26 ~~be provided in the language in which the electric service provider~~  
27 ~~offered the services.~~

28 ~~(e) Billing: All bills shall have a standard bill format, as~~  
29 ~~determined by the commission or the governing body, and shall~~  
30 ~~contain sufficient detail for the customer to recalculate the bill for~~  
31 ~~accuracy. Any late fees shall be separately stated. Each electric~~  
32 ~~service provider shall provide on all customer bills a phone number~~  
33 ~~by which customers may contact the electric service provider to~~  
34 ~~report and resolve billing inquiries and complaints. An electric~~  
35 ~~service provider contacted by a customer regarding a billing dispute~~  
36 ~~shall advise the customer at the time of the initial contact that the~~  
37 ~~customer may file a complaint with the commission if its dispute~~  
38 ~~is not satisfactorily resolved by the electric service provider.~~

39 ~~(f) Meter integrity: An electric customer shall have a reasonable~~  
40 ~~opportunity to have its meter tested to ensure the reasonable~~

1 accuracy of the meter. The commission or governing body shall  
2 determine who is responsible for the cost of that testing.

3 (g) ~~Customer deposits: Electric service providers may require~~  
4 ~~customer deposits before commencing service, but in no event~~  
5 ~~shall the deposit be more than the estimated bill for the customer~~  
6 ~~for a three-month period.~~

7 (h) ~~Additional protections: The commission or the governing~~  
8 ~~body may adopt additional residential and small commercial~~  
9 ~~consumer protection standards that are in the public interest.~~

10 SEC. 3. ~~Section 394.7 of the Public Utilities Code is amended~~  
11 ~~to read:~~

12 394.7. ~~(a) The commission shall maintain a list of residential~~  
13 ~~and small commercial customers who do not wish to be solicited~~  
14 ~~by telephone, by an electrical corporation, marketer, broker, or~~  
15 ~~aggregator for electric service, to subscribe to or change their~~  
16 ~~electric service provider. The commission shall not assess a charge~~  
17 ~~for inclusion of a customer on the list. The list shall be updated~~  
18 ~~periodically, but no less than quarterly.~~

19 (b) ~~The list shall include sufficient information for electrical~~  
20 ~~corporations, marketers, brokers, or aggregators of electric service~~  
21 ~~to identify customers who do not wish to be solicited, including a~~  
22 ~~customer's address and telephone number. The list shall be made~~  
23 ~~accessible electronically from the commission to any party~~  
24 ~~regulated as an electrical corporation or registered at the~~  
25 ~~commission as an electric marketer, broker, or aggregator of~~  
26 ~~electric service.~~

27 (c) ~~An electrical corporation, marketer, broker, or aggregator~~  
28 ~~of electric service shall not solicit, by telephone, any customer on~~  
29 ~~the list prepared pursuant to subdivision (a). Any electrical~~  
30 ~~corporation, marketer, broker, or aggregator of electric service, or~~  
31 ~~the representative of an electrical corporation, marketer, broker,~~  
32 ~~or aggregator of electric service, who solicits any customer on the~~  
33 ~~list prepared pursuant to subdivision (a) more than once shall be~~  
34 ~~liable to the customer for twenty-five dollars (\$25) for each contact~~  
35 ~~in violation of this subdivision.~~

36 (d) ~~This section shall not apply to the telephone verification~~  
37 ~~required pursuant to Section 366.5.~~

38 SEC. 4. ~~Section 454.1 of the Public Utilities Code is amended~~  
39 ~~to read:~~

1     ~~454.1. (a) Except as provided in subdivision (b), if a customer~~  
2 ~~with a maximum peak electrical demand in excess of 20 kilowatts~~  
3 ~~located or planning to locate within the service territory of an~~  
4 ~~electrical corporation receives a bona fide offer for electric service~~  
5 ~~from an irrigation district at rates less than the electrical~~  
6 ~~corporation's tariffed rates, the electrical corporation may discount~~  
7 ~~its noncommodity rates, but may not discount its noncommodity~~  
8 ~~rates below its distribution marginal cost of serving that customer.~~  
9 ~~For purposes of this subdivision, the costs of the electric~~  
10 ~~commodity shall be excluded from both the irrigation district and~~  
11 ~~electrical corporation's rates. The electrical corporation may~~  
12 ~~recover any difference between its tariffed and discounted service~~  
13 ~~from its remaining customers, allocated as determined by the~~  
14 ~~commission. However, the reallocation shall not increase rates to~~  
15 ~~its remaining customers by any greater amount than the rates would~~  
16 ~~be increased if the customer had taken electric distribution service~~  
17 ~~from the irrigation district and the irrigation district had paid the~~  
18 ~~charge established in subdivision (e) of Section 9607. Further,~~  
19 ~~there shall be a firewall preventing the reallocation of these~~  
20 ~~differences resulting from discounting to residential customers or~~  
21 ~~to commercial customers with maximum peak demands not in~~  
22 ~~excess of 20 kilowatts. The commission shall review the discounts~~  
23 ~~provided under this section by each electrical corporation and~~  
24 ~~report to the Legislature not later than January 15, 2003. The~~  
25 ~~review shall include an assessment of the effectiveness of the~~  
26 ~~discount levels and the rate impacts to customers of the discounts.~~  
27 ~~The commission shall include in its report a recommendation of~~  
28 ~~any changes that should be made to the discount levels in light of~~  
29 ~~other commission approved discount programs.~~

30     ~~(b) Subdivision (a) does not apply to a cumulative 75 megawatts~~  
31 ~~of load served by the Merced Irrigation District, determined as~~  
32 ~~follows:~~

33     ~~(1) The load is located within the boundaries of Merced~~  
34 ~~Irrigation District, as those boundaries existed on December 20,~~  
35 ~~1995, together with the territory of Castle Air Force Base, which~~  
36 ~~was located outside the district on that date.~~

37     ~~(2) For purposes of this section, a megawatt of load shall be~~  
38 ~~calculated in accordance with the methodology established by the~~  
39 ~~California Energy Resource Conservation and Development~~  
40 ~~Commission in its Docket No. 96-IRR-1890.~~

1 ~~(e) Subdivision (a) applies to the load of customers that move~~  
2 ~~to the areas described in paragraph (1) of subdivision (b) after~~  
3 ~~December 31, 2000, and that load shall be excluded from the~~  
4 ~~calculation of the 75 megawatts in subdivision (b).~~

5 ~~(d) If an electrical corporation seeks to apply the discounts~~  
6 ~~permitted under subdivision (a) within the geographic area~~  
7 ~~described in subdivision (b) of Section 9610, the electrical~~  
8 ~~corporation's resulting rate for distribution service shall not be~~  
9 ~~less than 120 percent of the electrical corporation's marginal~~  
10 ~~distribution cost of serving that customer.~~

11 SEC. 5. Section 1822 of the Public Utilities Code is amended  
12 to read:

13 1822. (a) Any computer model that is the basis for any  
14 testimony or exhibit in a hearing or proceeding before the  
15 commission shall be available to, and subject to verification by,  
16 the commission and parties to the hearing or proceedings to the  
17 extent necessary for cross-examination or rebuttal, subject to  
18 applicable rules of evidence, except that verification is not required  
19 for any electricity demand model or forecast prepared by the  
20 Energy Commission pursuant to Section 25309 or 25402.1 of the  
21 Public Resources Code and approved and adopted after a hearing  
22 during which testimony was offered subject to cross-examination.  
23 The commission shall afford each of these electricity demand  
24 models or forecasts the evidentiary weight it determines  
25 appropriate. Nothing in this subdivision does not require the Energy  
26 Commission to approve or adopt any electricity demand model or  
27 forecast.

28 (b) Any testimony presented in a hearing or proceeding before  
29 the commission that is based in whole, or in part, on a computer  
30 model shall include a listing of all the equations and assumptions  
31 built into the model.

32 (c) Any data base that is used for any testimony or exhibit in a  
33 hearing or proceeding before the commission shall be reasonably  
34 accessible to the commission staff and parties to the hearing or  
35 proceeding to the extent necessary for cross-examination or  
36 rebuttal, subject to applicable rules of evidence, as applied in  
37 commission proceedings.

38 (d) The commission shall adopt rules and procedures to meet  
39 the requirements specified in subdivisions (a), (b), and (c). These

1 rules shall include procedural safeguards that protect data bases  
2 and models not owned by the public utility.

3 (e) The commission shall establish appropriate procedures for  
4 determining the appropriate level of compensation for a party's  
5 access.

6 (f) Each party shall have access to the computer programs and  
7 models of each other party to the extent provided by Section 1822.  
8 The commission shall not require a utility to provide a remote  
9 terminal or other direct physical link to the computer systems of  
10 a utility to a third party.

11 (g) The commission shall verify, validate, and review the  
12 computer models of any electrical corporation that are used for  
13 the purpose of planning, operating, constructing, or maintaining  
14 the corporation's electricity transmission system, and that are the  
15 basis for testimony and exhibits in hearings and proceedings before  
16 the commission.

17 (h) The transmission computer models shall be available to, and  
18 subject to verification by, each party to a commission proceeding  
19 in accordance with subdivision (a) of Section 1822, and regulations  
20 adopted pursuant to subdivision (d) of Section 1822.

21 SEC. 6. Section 2791 of the Public Utilities Code is amended  
22 to read:

23 2791. (a) The owner of a master-metered mobilehome park  
24 or manufactured housing community that provides gas or electric  
25 service to residents may transfer ownership and operational  
26 responsibility to the gas or electrical corporation providing service  
27 in the area in which the park or community is located pursuant to  
28 this chapter, or as the park or community owner and the serving  
29 gas or electrical corporation mutually agree.

30 (b) Costs, including both costs related to transfer procedures  
31 and costs related to construction, related to the transfer of  
32 ownership process, whether or not resulting in a transfer of  
33 ownership to the serving gas or electrical corporation, shall not be  
34 passed through to the park or community residents. Costs related  
35 to the transfer of ownership process, whether or not resulting in a  
36 transfer of ownership to the serving gas or electrical corporation,  
37 shall not be passed through to the gas or electrical corporation,  
38 except as otherwise provided in this chapter.

39 (c) Residents of mobilehome parks and manufactured housing  
40 communities constructed after January 1, 1997, shall be

1 individually metered and served by gas and electric distribution  
2 facilities owned, operated, and maintained by the gas or electrical  
3 corporation providing the service in the area where the new park  
4 or community is located consistent with the commission's orders  
5 regarding unbundling, aggregation, master-metering, and selection  
6 of suppliers by residential customers. Each gas and electrical  
7 corporation shall cooperate with the owner of any park or  
8 community constructed after January 1, 1997, to ensure timely  
9 and expeditious installation of the gas and electric distribution  
10 system and to eliminate any delay in the design, construction,  
11 permitting, and operation of the gas and electric system in the park  
12 or community.

13 SEC. 7. Section 2792 of the Public Utilities Code is amended  
14 to read:

15 2792. (a) Upon receipt of a written notice of intent to transfer  
16 from the mobilehome park or manufactured housing community  
17 owner, the gas or electrical corporation shall within 90 days do all  
18 of the following:

19 (1) Meet with the park or community owner to describe the  
20 procedures involved in a transfer of ownership and operation  
21 responsibility.

22 (2) Perform a preliminary review of the gas or electric system,  
23 or both, in the park or community.

24 (3) Inspect documentation provided by the park or community  
25 owner of the construction, operation, and condition of the gas or  
26 electric system, or both.

27 (4) Advise the park or community owner concerning the general  
28 condition of the plant and equipment, along with a preliminary  
29 opinion concerning the extent of construction work or other activity  
30 necessary to comply with Section 2794.

31 (5) Offer a preliminary nonbinding estimate of the cost of  
32 transfer.

33 (6) Offer the park or community owner a preliminary nonbinding  
34 cost estimate to perform an engineering evaluation and estimate  
35 the construction work and equipment replacement to be performed  
36 by the gas or electrical corporation at the owner's expense.

37 (b) The gas or electrical corporation shall develop the cost  
38 estimate for the engineering evaluation in good faith using the  
39 same methodology as is used for similar projects. The preliminary  
40 cost estimate shall be effective for a minimum of 90 days. The gas

1 or electrical corporation shall give the owner timely notice of any  
2 increase in the estimated cost of the engineering evaluation.

3 (e) ~~During 1997, gas and electrical corporations shall make a~~  
4 ~~good faith effort to respond within 90 days to the notice provided~~  
5 ~~in subdivision (a).~~

6 (d) ~~The gas or electrical corporation may charge a fee for the~~  
7 ~~initial inspection not to exceed one hundred fifty dollars (\$150).~~

8 SEC. 8. ~~Section 2793 of the Public Utilities Code is amended~~  
9 ~~to read:~~

10 2793. (a) ~~Upon receipt from the park or community owner of~~  
11 ~~a deposit representing the gas or electrical corporation's estimated~~  
12 ~~cost of the engineering evaluation, the gas or electrical corporation,~~  
13 ~~within 90 days, shall do all of the following:~~

14 (1) ~~Develop an engineering plan for bringing the gas or electric~~  
15 ~~system to the standard described in Section 2794, incorporating~~  
16 ~~all relevant documentation including plans, drawings, engineering~~  
17 ~~studies, and other existing documentation provided by the park or~~  
18 ~~community owner, and considering incorporation of all portions~~  
19 ~~of the gas or electric system found to be used, useful, and~~  
20 ~~compatible.~~

21 (2) ~~Develop an appraisal of the value to the gas or electrical~~  
22 ~~corporation of the physical plant and equipment found to be used,~~  
23 ~~useful, and compatible that comprise the gas or electric system,~~  
24 ~~or both, to be transferred, including an estimate of the remaining~~  
25 ~~useful life of the gas or electric system. The value to the gas or~~  
26 ~~electrical corporation shall take into consideration the expenditures~~  
27 ~~by the park or community owner to comply with the criteria~~  
28 ~~established in Section 2794.~~

29 (3) ~~Present a proposal, in sufficient detail to serve as a bid~~  
30 ~~document for the transfer of ownership of the system to the gas or~~  
31 ~~electrical corporation.~~

32 (b) ~~The proposal may be based on either of the following~~  
33 ~~approaches or as the park or community owner and the gas or~~  
34 ~~electrical corporation mutually agree:~~

35 (1) ~~The park or community owner is responsible for all~~  
36 ~~construction and equipment replacement activity, if any, at the~~  
37 ~~park or community owner's expense less any credits or allowances,~~  
38 ~~if any, including credits or allowances based on incremental~~  
39 ~~increases in the gas or electrical corporation's revenues associated~~  
40 ~~with the park or community owner's investment in the gas or~~

1 electric system. The construction and equipment replacement and  
2 the credits and allowances shall be based on the principles  
3 established in the gas or electrical corporation's line and service  
4 extension rules, if applicable.

5 (2) The gas or electrical corporation shall pay the park or  
6 community owner for the appraised value to the gas or electrical  
7 corporation of any gas or electric distribution facilities found to  
8 be used, useful, and compatible. If any new facilities are necessary,  
9 the park or community owner shall be responsible for the costs of  
10 the excavation, installation of substructures, conduit and meter  
11 panels, and surface repairs. Except as provided in paragraph (4)  
12 of subdivision (c), the gas or electrical corporation shall be  
13 responsible for the costs of any additional construction and  
14 equipment replacement, including cabling and transformers.

15 (e) The proposal shall include the following:

16 (1) A description of construction and equipment replacement  
17 activity, if any, to be accomplished at the park or community  
18 owner's expense.

19 (2) Requirements for any additional provisions or rights for the  
20 construction or maintenance of public utility facilities on park or  
21 community premises, including easements and rights-of-way  
22 acceptable to the gas or electrical corporation.

23 (3) Any specific requirements or costs, or both, with respect to  
24 the presence of used and useful materials or equipment that are  
25 nonstandard, including, but not limited to, inventory requirements,  
26 specialized equipment requirements, or specialized personnel or  
27 training.

28 (4) Any specific requirements or costs, or both, with respect to  
29 the presence of exceptional construction conditions or operation  
30 and maintenance conditions.

31 (d) If the actual cost of the engineering evaluation is greater  
32 than the gas or electrical corporation estimate, the park or  
33 community owner shall pay the gas or electrical corporation the  
34 difference within 30 days of receipt of notice. If the actual cost of  
35 the engineering evaluation is less than the deposit, the gas or  
36 electrical corporation shall pay the park or community owner the  
37 difference within 30 days. The content of the proposal shall become  
38 the property of the park or community owner.



1     ~~(e) Within 90 days of receipt of the proposal for transfer of~~  
2     ~~ownership, a park or community owner may do any of the~~  
3     ~~following:~~

4     ~~(1) Present objections to the gas or electrical corporation in~~  
5     ~~writing for resolution and may require mediation of the commission~~  
6     ~~if the parties are unable to resolve the objection.~~

7     ~~(2) Decline to proceed, without prejudice to the right to present~~  
8     ~~a new notice at any future date.~~

9     ~~(3) Accept the proposal and contract with the gas or electrical~~  
10    ~~corporation for completion of the construction work and equipment~~  
11    ~~replacement, if any, or the acquisition of the gas or electric system,~~  
12    ~~or both.~~

13    ~~(4) Accept the proposal and contract with an approved third~~  
14    ~~party for completion of the construction work and equipment~~  
15    ~~replacement, if any, in accordance with the applicable gas or~~  
16    ~~electrical corporation applicant installation rules.~~

17    ~~(f) Any new facilities provided by the gas or electrical~~  
18    ~~corporation to extend distribution or service facilities from the~~  
19    ~~existing gas or electrical corporation system within the park to~~  
20    ~~previously undeveloped locations shall be provided in accordance~~  
21    ~~with line extension rules and service extension rules contained in~~  
22    ~~gas or electrical corporation tariffs filed with the commission;~~  
23    ~~including any and all free extensions, allowances, and advances~~  
24    ~~subject to refund.~~

25    ~~(g) Upon completion of construction work and equipment~~  
26    ~~replacement, if any, receipt of appropriate inspection approval~~  
27    ~~from the gas or electrical corporation and authorities having~~  
28    ~~jurisdiction for the inspections, and completion of all financial~~  
29    ~~transactions among the parties, the park or community owner shall~~  
30    ~~transfer and the gas or electrical corporation shall acquire~~  
31    ~~ownership and operational responsibility for the gas or electric~~  
32    ~~system.~~

33    ~~(h) Upon receipt of the proposal described in paragraph (3) of~~  
34    ~~subdivision (a), the park or community owner shall notify the park~~  
35    ~~residents concerning the pendency of a transfer process request~~  
36    ~~and the provisions of the transfer process law.~~

37    ~~SEC. 9. Section 2794 of the Public Utilities Code is amended~~  
38    ~~to read:~~

1     ~~2794. (a) A gas or electric system shall be considered~~  
2     ~~acceptable for transfer if it is in compliance with the following~~  
3     ~~criteria:~~

4     ~~(1) It is capable of providing the end users a safe and reliable~~  
5     ~~source of gas or electric service.~~

6     ~~(2) It meets the commission's general orders, is compatible,~~  
7     ~~and, in the case of new construction, meets the gas or electrical~~  
8     ~~corporation's design and construction standards insofar as they~~  
9     ~~are related to safety and reliability. The parties may waive these~~  
10    ~~requirements by mutual agreement and, where necessary, with~~  
11    ~~commission approval. The deviations as are agreed upon may be~~  
12    ~~reflected in the purchase price.~~

13    ~~(3) It is capable of serving the customary expected load in the~~  
14    ~~park or community determined in accordance with a site-specific~~  
15    ~~study, studies of comparable parks or communities, industry~~  
16    ~~standards, and the gas or electrical corporation's rules as approved~~  
17    ~~by the commission.~~

18    ~~(b) As used in this section, "customary expected load" means~~  
19    ~~the anticipated level of service demanded by the dwelling units in~~  
20    ~~the park or community. The park or community owner shall not~~  
21    ~~be responsible for betterments or improvements to the gas or~~  
22    ~~electrical corporation's distribution system facilities or operations~~  
23    ~~that do not benefit the park or community.~~

24    ~~(c) Satisfaction of the criteria shall not require any particular~~  
25    ~~system architecture or replacement of used and useful equipment,~~  
26    ~~plant, or facilities, except as needed to comply with subdivision~~  
27    ~~(a). Equipment, facilities, or plant that are part of the existing gas~~  
28    ~~or electric system shall be considered compatible unless their~~  
29    ~~presence in the system would cause substantial increase in the~~  
30    ~~frequency or duration of outages in the case of failure or~~  
31    ~~emergency, or they have no remaining useful life. Pursuant to~~  
32    ~~subdivision (c) of Section 2793, equipment, facilities, or plant that~~  
33    ~~require special training for the gas or electrical corporation's~~  
34    ~~employees, or require the gas or electrical corporation to maintain~~  
35    ~~inventories of nonstandard equipment may be considered~~  
36    ~~compatible, but their presence may be reflected in the appraised~~  
37    ~~value or the cost imposed on the park or community owner.~~

38    ~~SEC. 10. Section 2795 of the Public Utilities Code is amended~~  
39    ~~to read:~~

1     ~~2795. The park or community owner and the gas or electrical~~  
2 ~~corporation shall develop a cost for the transfer of the gas or~~  
3 ~~electric system that reflects the factors in Section 2793, indemnity~~  
4 ~~and liability issues, and any other factors as the parties may~~  
5 ~~mutually agree upon, and to which the gas or electrical~~  
6 ~~corporation's ratepayers are indifferent. The parties may agree on~~  
7 ~~a schedule for phasing in facilities to meet expected load increases~~  
8 ~~and betterments, and the costs associated with those activities.~~

9     ~~SEC. 11. Section 2796 of the Public Utilities Code is amended~~  
10 ~~to read:~~

11     ~~2796. (a) During the pendency of a transfer request, the owner~~  
12 ~~of the park or community shall be responsible for the continued~~  
13 ~~maintenance to preserve the integrity of the park or community~~  
14 ~~gas or electric system and safe and reliable operation of the park~~  
15 ~~or community system in accordance with applicable laws.~~

16     ~~(b) During the pendency of a transfer request the owner of the~~  
17 ~~park or community shall be liable for injury and damage resulting~~  
18 ~~from operation of the submetered gas and electric system. After~~  
19 ~~transfer the gas or electrical corporation shall assume responsibility~~  
20 ~~for operation of the gas or electric system and provision of service~~  
21 ~~to residents of the park or community and shall assume liability~~  
22 ~~for any future injury or damage resulting from operation of the~~  
23 ~~gas or electric system except with respect to defects known to the~~  
24 ~~park or community owner and not disclosed to the gas or electrical~~  
25 ~~corporation during the transfer of ownership process.~~

26     ~~SEC. 12. Section 2797 of the Public Utilities Code is amended~~  
27 ~~to read:~~

28     ~~2797. The commission shall permit the gas or electrical~~  
29 ~~corporation to recover in its revenue requirement and rates all costs~~  
30 ~~to acquire, improve, upgrade, operate, and maintain transferred~~  
31 ~~mobilehome park or manufactured housing community gas or~~  
32 ~~electric systems.~~

33     ~~SEC. 13. Section 2798 of the Public Utilities Code is amended~~  
34 ~~to read:~~

35     ~~2798. The commission shall adopt a standard form of agreement~~  
36 ~~for transfer of gas and electric distribution facilities in mobilehome~~  
37 ~~parks and manufactured housing communities that shall be the~~  
38 ~~basis for expedited approval of the transfers. The contract shall be~~  
39 ~~based on this chapter, the regulations of the commission, and on~~

1 gas or electrical corporation rules and regulations, as approved by  
2 the commission.

3 SEC. 14. Section 2799 of the Public Utilities Code is amended  
4 to read:

5 2799. (a) ~~The mobilehome park or manufactured housing~~  
6 ~~community owner, by written notice, may stop the transfer process~~  
7 ~~at any time. Within 60 days of delivery to the park or community~~  
8 ~~owner of an itemized bill, the owner shall reimburse the gas or~~  
9 ~~electrical corporation for all costs incurred through the date notice~~  
10 ~~is provided.~~

11 (b) ~~At any time during the transfer of ownership process, either~~  
12 ~~party may apply to the commission for informal mediation and~~  
13 ~~resolution of any issue, finding, determination, or delay in the~~  
14 ~~conversion process.~~

15 (c) ~~If the initiation of the transfer process does not result in a~~  
16 ~~transfer of the park or community owner's gas or electric system~~  
17 ~~to the gas or electrical corporation, all information, data, reports,~~  
18 ~~studies, and proposals shall be retained by the gas or electrical~~  
19 ~~corporation for a period of five years or offered to the park or~~  
20 ~~community owner. Prior to disposal of the records, the gas or~~  
21 ~~electrical corporation shall offer them to the park or community~~  
22 ~~owner, except that the gas or electrical corporation shall not be~~  
23 ~~required to provide proprietary information to the park or~~  
24 ~~community owner.~~

25 SEC. 15. Section 2842.4 of the Public Utilities Code is  
26 amended to read:

27 2842.4. (a) ~~The commission, for each electrical corporation,~~  
28 ~~shall establish a pay-as-you-save pilot program for eligible~~  
29 ~~customers.~~

30 (b) ~~For the purposes of this section, an "eligible customer"~~  
31 ~~means a customer of an electrical corporation that meets the~~  
32 ~~following criteria:~~

33 (1) ~~The customer uses a combined heat and power system with~~  
34 ~~a generating capacity of not more than 20 megawatts that is in~~  
35 ~~compliance with Section 2843.~~

36 (2) ~~The customer is any of the following:~~

37 (A) ~~A nonprofit organization described in Section 501(c)(3) of~~  
38 ~~the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)), that is~~  
39 ~~exempt from taxation under Section 501(a) of that code (26 U.S.C.~~  
40 ~~Sec. 501(a)).~~

1     ~~(B) A federal, state, or local government facility.~~

2     ~~(c) The pilot program shall enable an eligible customer to~~  
3 ~~finance all of the upfront costs for the purchase and installation of~~  
4 ~~a combined heat and power system by repaying those costs over~~  
5 ~~time through on-bill financing at the difference between what an~~  
6 ~~eligible customer would have paid for electricity and the actual~~  
7 ~~savings derived for a period of up to 10 years.~~

8     ~~(d) The commission shall ensure that the reasonable costs of~~  
9 ~~the electrical corporation associated with the pilot program are~~  
10 ~~recovered.~~

11     ~~(e) All costs of the pay-as-you-save program or financing~~  
12 ~~mechanisms shall be borne solely by the combined heat and power~~  
13 ~~generators that use the program or financing mechanisms, and the~~  
14 ~~commission shall ensure that the costs of the program are not~~  
15 ~~shifted to the other customers or classes of customers of the~~  
16 ~~electrical corporation.~~

17     ~~(f) Each electrical corporation shall make on-bill financing~~  
18 ~~available to eligible customers until the statewide cumulative rated~~  
19 ~~generating capacity from pilot program combined heat and power~~  
20 ~~systems in the service territories of the three largest electrical~~  
21 ~~corporations in the state reaches 100 megawatts. An electrical~~  
22 ~~corporation shall only be required to participate in the pilot program~~  
23 ~~until it meets its proportionate share of the 100-megawatt~~  
24 ~~limitation, based on the percentage of its peak demand to the total~~  
25 ~~statewide peak demand within the service territories of all electrical~~  
26 ~~corporations.~~

27     ~~(g) An approval made by the Department of Finance for a state~~  
28 ~~agency to purchase, lease, or otherwise acquire a combined heat~~  
29 ~~and power facility that would be financed through the~~  
30 ~~pay-as-you-save pilot program, shall not be made sooner than 30~~  
31 ~~days after written notification thereof is provided to the~~  
32 ~~Chairperson of the Senate Committee on Budget and Fiscal~~  
33 ~~Review, the Chairperson of the Assembly Committee on Budget,~~  
34 ~~and the Chairperson of the Joint Legislative Budget Committee,~~  
35 ~~or not sooner than whatever lesser time the Chairperson of the~~  
36 ~~Joint Legislative Budget Committee may determine.~~

37     ~~SEC. 16. Section 7000 of the Public Utilities Code is amended~~  
38 ~~to read:~~

39     ~~7000. (a) For purposes of this chapter, a utility shall mean all~~  
40 ~~of the following:~~

- 1     ~~(1) An electrical corporation.~~  
2     ~~(2) A water corporation.~~  
3     ~~(3) A telephone corporation.~~  
4     ~~(4) A telecommunications carrier, as defined in Section 153 of~~  
5     ~~Title 47 of the United States Code.~~  
6     ~~(5) A gas corporation.~~  
7     ~~(6) A local publicly owned electric utility and a publicly owned~~  
8     ~~gas utility.~~  
9     ~~(7) A special district that owns or operates utilities.~~

10    ~~(b) This chapter shall also apply to the following entities:~~

- 11    ~~(1) A cable television corporation.~~  
12    ~~(2) A cable operator, as defined in Section 522 of Title 47 of~~  
13    ~~the United States Code.~~

14    ~~SEC. 17. Section 9607 of the Public Utilities Code is amended~~  
15    ~~to read:~~

16    ~~9607. (a) The intent of this section is to avoid cost-shifting to~~  
17    ~~customers of an electrical corporation resulting from the transfer~~  
18    ~~of distribution services from an electrical corporation to an~~  
19    ~~irrigation district.~~

20    ~~(b) Except as otherwise provided in this section and Section~~  
21    ~~9608, and notwithstanding any other provision of law, an irrigation~~  
22    ~~district that offered electric service to retail customers as of January~~  
23    ~~1, 1999, shall not construct, lease, acquire, install, or operate~~  
24    ~~facilities for the distribution or transmission of electricity to retail~~  
25    ~~customers located in the service territory of an electrical~~  
26    ~~corporation providing electric distribution services, unless the~~  
27    ~~district has first applied for and received the approval of the~~  
28    ~~commission and implements its service consistent with the~~  
29    ~~commission's order. The commission shall find that service to be~~  
30    ~~in the public interest and shall approve the request of a district to~~  
31    ~~provide distribution or transmission of electricity to retail customers~~  
32    ~~located in the service territory of an electrical corporation providing~~  
33    ~~electric distribution service if, after notice and hearing, the~~  
34    ~~commission determines all of the following:~~

35    ~~(1) The district will provide universal service to all retail~~  
36    ~~customers who request service within the area to be served, at~~  
37    ~~published tariff rates and on a just, reasonable, and~~  
38    ~~nondiscriminatory basis, comparable to that provided by the current~~  
39    ~~retail service provider.~~

1     ~~(2) If the area the district is proposing to serve is either of the~~  
2     ~~following:~~

3     ~~(A) Is within the district's boundaries but less than the entire~~  
4     ~~district, the area to be served includes a percentage of residential~~  
5     ~~customers and small customers, based on load, comparable to the~~  
6     ~~percentage of residential and small customers in the district, based~~  
7     ~~on load.~~

8     ~~(B) Includes territory outside the district's boundaries, in which~~  
9     ~~case the territory outside the district's boundaries must include a~~  
10    ~~percentage of residential customers and small customers, based~~  
11    ~~on load, comparable to the percentage of residential and small~~  
12    ~~customers in the county or counties where service is to be provided,~~  
13    ~~based on load.~~

14    ~~(3) Service by the district will be consistent with the intent of~~  
15    ~~the state to avoid economic waste caused by duplication of facilities~~  
16    ~~as set forth in Section 8101.~~

17    ~~(4) Service by the district will include reasonable mitigation of~~  
18    ~~any adverse effects on the reliability of an existing service by the~~  
19    ~~electrical corporation.~~

20    ~~(5) The district has established, funded, and is carrying out~~  
21    ~~public purpose and low-income programs comparable to those~~  
22    ~~provided by the current electric retail service provider.~~

23    ~~(6) That district's tariffed electric rates, exclusive of commodity~~  
24    ~~costs, will be at least 15 percent below the tariffed electric rates,~~  
25    ~~exclusive of commodity costs and nonbypassable charges under~~  
26    ~~Sections 367, 368, 375, 376, and 379, of the electrical corporation~~  
27    ~~for comparable services.~~

28    ~~(7) Service by the district is in the public interest.~~

29    ~~(e) An irrigation district that obtains the approval of the~~  
30    ~~commission under this section to serve an area shall prepare an~~  
31    ~~annual report available to the public on the total load and number~~  
32    ~~of accounts of residential, low-income, agricultural, commercial,~~  
33    ~~and industrial customers served by the irrigation district in the~~  
34    ~~approved service area.~~

35    ~~(d) The commission shall have jurisdiction to resolve and~~  
36    ~~adjudicate complaint cases brought against an irrigation district~~  
37    ~~that offered electric service to retail customers as of January 1,~~  
38    ~~1999, by an interested party where the complaint concerns retail~~  
39    ~~electric service outside the boundaries of the district and within~~  
40    ~~the service territory of an electrical corporation. Nothing in this~~

1 section grants the commission jurisdiction to adjudicate complaint  
2 cases involving retail electric service by an irrigation district inside  
3 its boundaries or inside an irrigation district's exclusive service  
4 territory.

5 (e) Any project involving electric transmission or distribution  
6 facilities to be constructed or installed by an irrigation district to  
7 serve retail customers located in the service territory of an electrical  
8 corporation providing electric distribution services shall comply  
9 with the California Environmental Quality Act, (Division 13  
10 (commencing with Section 21000)) of the Public Resources Code.  
11 The county in which the construction or installation is to occur  
12 shall act as the lead agency. If a project involves the construction  
13 or installation of electric transmission or distribution facilities in  
14 more than one county, the county where the majority of the  
15 construction is anticipated to occur shall act as the lead agency.

16 (f) An irrigation district may not offer service to customers  
17 outside of its district boundaries before offering service to all  
18 customers within its district boundaries.

19 (g) This section does not apply to electric distribution service  
20 provided by Modesto Irrigation District to those customers or  
21 within those areas described in subdivisions (a), (b), and (c) of  
22 Section 9610.

23 (h) This section shall not apply to (1) a cumulative 90 megawatts  
24 of load served by the Merced Irrigation District that is located  
25 within the boundaries of Merced Irrigation District, as those  
26 boundaries existed on December 20, 1995, together with the  
27 territory of Castle Air Force Base which was located outside the  
28 District on that date, or (2) electric load served by the District  
29 which was not previously served by an electrical corporation that  
30 is located within the boundaries of Merced Irrigation District, as  
31 those boundaries existed on December 20, 1995, together with the  
32 territory of Castle Air Force Base, which was located outside the  
33 District on that date.

34 (i) For purposes of this section, a megawatt of load shall be  
35 calculated in accordance with the methodology established by the  
36 California Energy Resource Conservation and Development  
37 Commission in its Docket No. 96-IRR-1890, but the 90 megawatts  
38 shall not include electrical usage by customers that move to the  
39 areas described in paragraph (1) after December 31, 2000.



1     ~~(j) Subdivision (a) of this section shall not apply to the~~  
2     ~~construction, modification, lease, acquisition, installation, or~~  
3     ~~operation of facilities for the distribution or transmission of~~  
4     ~~electricity to customers electrically connected to a district as of~~  
5     ~~December 31, 2000, or to other customers who subsequently locate~~  
6     ~~at the same premises.~~

7     ~~(k) In recognition of contractual arrangements and settlements~~  
8     ~~existing as of June 1, 2000, this section does not apply to the~~  
9     ~~acquisition or operation of the electric distribution facilities that~~  
10    ~~are the subject of the Settlement Agreement dated May 1, 2000,~~  
11    ~~between Pacific Gas and Electric Company and the San Joaquin~~  
12    ~~Irrigation District.~~

13    ~~(l) For purposes of this section, retail customers do not include~~  
14    ~~an irrigation district's own electric load being served of retail by~~  
15    ~~an electrical corporation.~~